

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
APRIL 17, 2017**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, April 17, 2017.

The meeting was called to order by Chairman Rick Stradtner.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Rick Stradtner – Chairman
Keith Masterson – Vice Chairman
Adam Auffart – Secretary
Wayne Schuetter – Electric Commissioner
Roger Seng – Water Commissioner
Alex Emmons – Wastewater Commissioner
Michael Kern – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Tim Doersam – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Renee Kabrick – City Attorney
Ashley Kiefer – Office Manager

ABSENT:

Bud Hauersperger- General Manager

PLEDGE OF ALLEGIANCE (DVD-01:21)

Chairman Rick Stradtner led the Pledge of Allegiance.

ELECTRIC DEPARTMENT - QUOTE OPENING: HVAC UNIT (DVD-01:46)

Ashley Kiefer opened the quotes and read them as follows:

- | | |
|---|------------|
| 1. A & B Inc.
DBA Mehringer's Plumbing & Heating
Jasper, IN | \$6,458.00 |
|---|------------|

- | | |
|------------------------|------------|
| 2. Schmidt Contracting | \$6,450.00 |
| Jasper, IN | |

All quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Jerry Schitter stated that only two quotes were received for the HVAC unit. Schitter stated that he did request a quote from Messmer Mechanical and Hulsman Refrigeration but they did not respond. Chairman Stradtner stated that \$9,000 was included in the 2017 Capital Expenditure Plan for the HVAC unit.

Jerry Schitter asked for the Board's permission to purchase the HVAC unit from Schmidt Contracting, the low quote, in the amount of \$6,450, pending review of specifications.

Michael Kern made a motion to give Schitter permission to accept the low quote from Schmidt Contracting for \$6,450 for the HVAC unit, pending review of specifications. Wayne Schuetter seconded the motion. Motion approved, 7-0.

GAS & WATER DEPARTMENT- QUOTE OPENING: LAWN TRACTOR (DVD-05:13)

Ashley Kiefer opened the quotes and read them as follows:

- | | |
|-----------------------|-------------------------------|
| 1. Hopf Equipment | \$19,985.00 |
| Huntingburg, IN | <u>(-)5,250.00</u> (trade-in) |
| | \$14,735.00 |
| 2. Hutson Inc. | \$26,692.72 |
| Jasper, IN | <u>(-)4,500.00</u> (trade-in) |
| | \$22,192.72 |
| 3. Hopf Outdoor Power | \$19,900.00 |
| Jasper, IN | <u>(-)5,500.00</u> (trade-in) |
| | \$14,400.00 |

All quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Chairman Stradtner stated that \$25,000 was included in the 2017 Capital Expenditure Plan. He also stated that the lawn tractor will be cost shared between the Gas and Water Departments.

Tim Doersam asked for the Board's permission to purchase the lawn tractor from Hopf Outdoor Power, the low quote, in the amount of \$14,400, pending review of specifications.

Alex Emmons made a motion to give Doersam permission to accept the low quote from Hopf Outdoor Power for \$14,400 for the lawn tractor, pending review of specifications. Adam Auffart seconded the motion. Motion approved, 7-0.

APPROVAL OF MINUTES: MARCH 20, 2017 REGULAR MEETING (DVD-10:01)

Chairman Rick Stradtner presented the minutes of the March 20, 2017 Regular Meeting and there being no corrections or amendments, asked for a motion to approve the minutes. Roger Seng made a motion to approve the minutes of the meeting as presented. Keith Masterson seconded the motion. Motion approved, 7-0.

WATER DEPARTMENT - REIMBURSEMENT REQUEST FOR LOOPING WATER EXTENSION IN TRINITY CROSSING SUBDIVISION – KERSTIENS DEVELOPMENT (DVD-10:38)

Brad Eckerle, with Brosmer Land Surveying, requested a reimbursement for Kerstiens Development for looping the water extension in the Trinity Crossing subdivision. The subdivision is located near Lechner Lane and Highway 56, by Precious Blood Church. Eckerle informed the Board that when the twenty-three-lot subdivision was built, Brosmer Land Surveying provided a water extension for the lots. Eckerle is asking the Board for a cost reimbursement for the looping portion of the extension, which includes 230 feet of 8-inch water line, in the amount of \$7,765. Tim Doersam agrees with the reimbursement. Doersam stated that if we would not loop the extension, the line would stop at the end of the extension and the water would become stagnant after time. Wayne Schuetter stated that in past situations the Board has approved these requests as long as it has improved our system and gave the utilities more latitude.

Wayne Schuetter made a motion to approve the reimbursement request for the looping portion of the water extension in the Trinity Crossing subdivision in the amount of \$7,765. Michael Kern seconded the motion. Motion approved, 7-0.

ELECTRIC DEPARTMENT- RESULTS OF SCADA SYSTEM QUOTE OPENING (DVD-15:47)

Schitter informed the Board that after reviewing the results for the Scada system, he has concerns regarding the low quote from QEI. The quote from QEI is for a DOS system, which can no longer be serviced. There is no time line on when they QEI will receive the Windows based software for the system. Schitter also stated that he had service agreement problems in the past with QEI on our current system.

Schitter feels, after much research, that Survalent, the next lowest quote, in the amount of \$93,500 is the best option. The system is very user friendly. Schitter also stated that \$105,000 is in the 2017 Capital Expenditure Plan for the Scada system. Schitter would like the Board's

permission to reject last month's motion regarding the low quote from QEI in the amount of \$89,666, due to specification issues, and to accept the quote from Survalent for \$93,500.

Wayne Schuetter made a motion to reject the QEI quote for \$89,666, due to specifications issues. Keith Masterson seconded the motion. Motion approved, 7-0.

Roger Seng made a motion to approve the purchase of the Scada system from Survalent in the amount of \$93,500, pending legal approval. Adam Auffart seconded the motion. Motion approved, 7-0.

ELECTRIC DEPARTMENT – HALF TON TRUCK (20:25)

Schitter informed the Board that the low quote, for the half ton truck, from Uebelhor & Sons in the amount of \$22,029, did meet specifications and has been ordered.

ELECTRIC PLANNING COMMITTEE REPORT (DVD-21:16)

Wayne Schuetter, Chairman of the Electric Planning Committee, stated the Committee did not meet during the past month.

ELECTRIC DEPARTMENT - COST OF SERVICE STUDY (DVD-21:23)

Wayne Schuetter informed the Board that the Electric Cost of Service Study will be completed in approximately 60 days. He stated that lots of information is being gathered. He also stated that it is being discussed to take the Power Plant off the books. This will be included in the extensive study.

WATER QUALITY REPORT (DVD-22:33)

Tim Doersam informed the Board that IDEM requires a water quality report be sent to all water utility customers every year. This year IDEM is mandating that more information needs to be listed on the water quality reports, which are normally mailed to our water utility customers along with the utility bills. Doersam listed all information that IDEM requires and both sides of the paper were completely full. Doersam contacted Gemini Group regarding tri-fold flyers, for easier reading.

The cost of the tri-fold flyers are \$5,400 for 6,500 copies. Doersam did contact two other companies regarding the flyers. One company did not have the capability to do the flyers, and the other company did not respond. IDEM's deadline for mailing the water quality reports is July 15th. Doersam asked for the Board's permission to have Gemini Group do the water quality reports on tri-fold flyers. Doersam also stated that Gemini Group will mail the flyers directly to our water customers and the cost includes postage.

Roger Seng made a motion to approve Gemini Group to do the flyers for the water quality reports for an amount of \$5400 for 6,500 flyers. Alex Emmons seconded the motion. Motion approved, 7-0.

GAS & WATER DEPARTMENT- HIRING PART-TIME SUMMER EMPLOYEES
(DVD-25:35)

Tim Doersam asked for the Board's permission to hire (2) two part-time summer employees to help paint hydrants and meters and mow. Doersam stated that each employee will work no more than 28 hours a week.

Michael Kern made a motion to give Doersam permission to hire two part-time summer employees to paint hydrants and meters, and help with mowing for the Gas and Water Departments. Roger Seng seconded the motion. Motion approved, 7-0.

GAS PLANNING COMMITTEE REPORT (DVD-26:57)

Michael Kern, Chairman of the Gas Planning Committee, stated the Gas Committee did meet on April 5, 2017. At the meeting the Committee discussed the request for JMU to install gas service in the Trinity Crossing Subdivision.

Kern read the highlights from the minutes for the Gas Planning Committee meeting aloud:

Michael Kern gave a brief recap regarding the request for gas installation in the Trinity Crossings Subdivision from the meeting held March 6th. He reminded the Committee that Kerstiens was requesting a gas extension for twenty-three lots in the Trinity Crossings subdivision, which would cost approximately \$12,500. The cost per lot would be approximately \$544, which Kerstiens is asking the Utilities to reimburse him, once the lot is sold.

At the March 6th meeting, Attorney Kabrick was asked to research the concept of a development fee to the property owner. Kabrick contacted an IURC utility attorney regarding this situation. The attorney informed Kabrick that the Utilities could charge the additional fee. Kabrick stated that this will incur a lot of administrative time and cost. If JMU charges a development fee, JMU is responsible for the bookkeeping, not the developer. The developer is not paying for the gas installation, the property owner is, regardless of when or to whom they pay the fee.

Questions were asked regarding how much more future development this could affect, and the possibility of establishing an Expansion Fund in the next rate study. Hauersperger stated that a Gas rate study will be scheduled for next year. The Committee agreed that future discussion will be needed regarding an Expansion Fund and where the money could come from. The Committee agreed to focus on commercial and industrial gas extension requests. These requests will be handled on case-by-case basis.

Bud Hauersperger stated that he agrees that the Utilities do need to become part of the City's economic development, but what is good for the taxpayers is not necessarily good for the ratepayers. Kabrick stated that the ratepayers are benefiting from the taxpayer's dollars. Kabrick feels the City does need to use the Utilities as an economic tool. Jasper has some of the lowest utility rates in the area. Hauersperger stated that Jasper's residential gas rates are approximately 20% lower than Huntingburg's when the gas tracker is taken into account.

The Committee agreed to recommend to the Board, at the next Utility Service Board meeting, to **not** pay for the gas extension to the Trinity Crossings subdivision. The Gas Committee agreed that there was little to no benefit to the utilities to pay for the gas extension to the Trinity Crossings subdivision. The only benefit is to the developer. The Committee also agreed to have more discussion regarding the possible creation of a Gas Expansion Fund, and to analyze future gas extension requests on a case-by-case basis.

Hauersperger also informed the Committee that he has been in contact with the architect working on the Comfort Inn project, which is being built near the Holiday Inn Express, regarding a gas extension. The architect has informed Tim Doersam, Gas and Water Manager, that they will be utilizing Huntingburg Gas for the project. Hauersperger explained that it would have cost approximately \$13,000 to extend the gas main to the area.

MAYOR- DISCUSSION BY MAYOR SEITZ (DVD-30:17)

Mayor Seitz stated that the recommendation from the USB was to not pay for the gas extension in the Trinity Crossing subdivision. Seitz stated that this is not about Trinity Crossing, it is about the constant inquiry from developers looking for utilities in the Jasper area in a competing fashion with other utilities. Seitz stated that we only hurt ourselves as a city by letting other utilities come into our territory. This is not a wise decision.

Mayor Seitz stated that he has always, in the past, let the utilities make their own decision regarding paying for extensions, but when there are competing matters, we can no longer afford to do nothing. Mayor Seitz informed the Board that he has been approached by several City Council members asking the USB to consider servicing the Trinity Crossing subdivision with gas service. They are not demanding what fashion. Seitz stated that the developer has chosen Jasper Water for the subdivision. Jasper Electric and Jasper Wastewater are also available; we need to offer Jasper Gas, as these are Jasper citizens. Seitz asked the Board to think heavily about this decision to serve our Jasper citizens, and not to let an outside utility service our territory.

Seitz stated his initial proposal, which was to install gas service, in the amount of \$12,500, and charge a fee adopted by ordinance to recoup the costs. Therefore, when the lot is sold and the buyer turns on utilities, the additional fee will be charged to the buyer, therefore recouping the cost of installation. Seitz stated that there will be a minimal risk, but only if the lots don't sell or the buyer does not choose gas. Seitz stated that we must come to a solution. We cannot keep letting other utilities service our territory. To walk away and do nothing doesn't make sense

when we have competition from another utility. It is our responsibility as a utility to service our territories.

Chairman Stradtner, along with Board members, thoroughly discussed the circumstances and options regarding the gas installation service in the Trinity Crossings subdivision. Many valuable concerns and questions were discussed by several USB members. Wayne Schuetter mentioned the idea of incorporating an Expansion Fund in the next Gas rate study to fund future expansion. The Electric Department already has this built into their rate studies.

Nancy Eckerle, John Bell, and Earl Schmitt, City Council members, addressed the Board regarding their thoughts on the gas installation in the Trinity Crossing subdivision. These members felt very strongly that it would benefit the City to extend gas service to the area. The City cannot afford to lose customers to competing utilities.

Roger Seng stated that he still does not like the idea that a developer wants Jasper Utilities to provide a service for free because another utility is willing to. Seng stated that that particular utility charges a \$500 hookup fee and their gas is 20% higher than Jasper Utilities. He feels that if the City funds the cost of the installation it will affect many and only benefit a few. Seng would like to see the developer meet us half way to recoup some of the cost. Seng stated that the developer did not come to the last Committee meeting so this could be discussed, nor is the developer at tonight's meeting. Alex Emmons stated that he feels this decision sets a precedent for future installations.

Mayor Seitz once again stated that when utilities become a competitive nature, we need to offer the service no matter what the cost to utilities. Hopefully we can recoup some of the cost. Seitz stated that the utilities are very valuable to the City of Jasper. Seitz said that he would like to see solutions and suggestions.

More discussion regarding an Expansion Fund built into future rate studies for future projects was discussed. Board members all agreed that this was a good idea but would not affect the Trinity Crossing project.

Chairman Stradtner reminded the Board that tonight's recommendation from the Gas Committee was to **not** fund the Trinity Crossing project. Stradtner also stated that the Mayor's recommendation was to fund the project and recoup the funds with an additional fee charged to the buyer when utilities are hooked up to the home.

Roger Seng recommended that the utilities pay half of the installation fee and the developer pay the other half. Mayor Seitz stated that this is not being very cooperative. He said that this is a utility decision, and asked Board members to oppose this recommendation.

Roger Seng made a motion to challenge the developer to a cost share, and pay half the cost of the gas extension in Trinity Crossing, which is approximately \$6,250, with the knowledge that the developer may not agree to this proposal. Adam Auffart seconded the motion.

It was determined that the Board was proceeding out of order. The recommendation from the Gas Committee to NOT fund the gas extension in Trinity Crossing subdivision is still on the floor, and nothing has been done yet with this recommendation.

Roger Seng then withdrew his motion for a cost share with the developer on the gas extension for Trinity Crossing.

Michael Kern then made a motion to NOT fund the extension of gas service in the Trinity Crossing subdivision, as was the recommendation from the Gas Committee. No second was made on the motion, and the motion died.

Roger Seng, again, made the motion to challenge the developer to a cost share, and pay half the cost of the gas extension in Trinity Crossing, which is approximately \$6,250, with the knowledge that the developer may not agree to this proposal. Adam Auffart, again, seconded the motion.

More discussion followed with Councilman John Bell and Mayor Seitz voicing their opposition of the motion on the floor.

Chairman Stradtner called for the vote. The vote was divided, and Stradtner stated that a division of the house could be called, and a roll-call vote cast. Roger Seng asked for the approval of a roll-call vote.

A motion was made by Alex Emmons to approve a roll-call vote. Roger Seng seconded the motion. Motion approved, 7-0.

The roll-call vote was then taken.

Chairman Rick Stradtner – voted against the motion
Vice Chairman Keith Masterson – voted against the motion
Secretary Adam Auffart – voted in favor of the motion
Wastewater Commissioner Alex Emmons - abstained from the vote
Water Commissioner Roger Seng – voted in favor of the motion
Gas Commissioner Michael Kern – voted against the motion
Electric Commissioner Wayne Schuetter – voted against the motion

Results of the roll-call vote: 4 members – voted against the motion, 2 members – voted in favor of the motion, and 1 member – abstained from the vote. The motion did not pass.

Chairman Stradtner asked if any other USB member was interested in making a motion to come before the Board.

Wayne Schuetter stated that a lot of information has been heard and discussed tonight. Schuetter said he has sat on the USB for 11 years and to say that the USB is not concerned about development is inaccurate. Schuetter stated that competition in utilities is different than competition in business. He asked why the Civil City uses EDIT funds to assist developers from outside Jasper and not developers from Jasper.

Schuetter said this discussion is not only about recouping the \$12,500 for Trinity Crossing subdivision, which he feels is a risk to recoup. Schuetter does like the flexibility of being able to look at each circumstance individually. He feels this project should be used as a pilot project.

Schuetter stated that he feels the Board should still consider paying for the gas installation in the Trinity Crossing subdivision. He does not feel this should be considered for every developer wanting gas installation. Schuetter stated that this is an opportunity to take the step one time and see how things proceed. Schuetter asked Tim Doersam to research where the money could come from to pay for the extension. Schuetter does believe it is the Board's job to keep costs low for the ratepayers, therefore we will have to recoup the money somewhere through an extension fee.

Wayne Schuetter made a motion to approve funding the total cost for the gas extension in the Trinity Crossing subdivision in the amount of \$12,500, and to recoup the costs through an extension fee, which will be based on 80% participation of the number of lots in the subdivision, pending legal review. Keith Masterson seconded the motion. Motion approved, 6-1.

Schuetter stated that if the developers are not encouraging buyers to hook up to gas service, that will influence future decisions by this Board for funding. Schuetter thinks this pilot program is a good place start.

Roger Seng asked that the Mayor and Council members challenge developers to work with the utilities.

(Tim Doersam left the meeting at 9:00PM and returned at 9:04PM.)

WATER PLANNING COMMITTEE REPORT (DVD-2:02:53)

Roger Seng, Chairman of the Water Planning Committee, stated the Water Committee did not meet during the past month.

WASTEWATER DEPARTMENT- PERMISSION TO HIRE PART-TIME SUMMER EMPLOYEE (DVD-2:03:00)

Ed Hollinden asked for the Board's permission to hire a part-time summer employee to help catch up on painting. Hollinden stated that he plans to work the employee 30 to 40 hours per week.

Alex Emmons made a motion to give Hollinden permission to hire a part-time summer employee for the Wastewater Department. Adam Auffart seconded the motion. Motion approved, 7-0.

WASTEWATER PLANNING COMMITTEE REPORT (DVD-2:02:46)

Alex Emmons, Chairman of the Wastewater Planning Committee, stated the Committee did not meet during the past month.

BUSINESS OFFICE- BILLING CLERK HIRED FROM WITHIN – CUSTOMER SERVICE POSITION NOW OPEN (ADVERTISE INTERNAL/EXTERNAL) (DVD-2:03:51)

Ashley Kiefer informed the Board that the Billing Clerk position was filled from within by Diana Steffen. Steffen was a Customer Service Clerk, therefore that position is now being advertised internally and externally.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (DVD-20:04:48)

Adam Auffart reported that the Finance Committee had met tonight and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Keith Masterson made a motion to approve the claims as presented. Michael Kern seconded the motion. Motion approved, 7-0.

MAYOR- DISCUSSION OF 21ST CENTURY UTILITY PLANNING (DVD-2:05:50)

Mayor Seitz informed the Board that he has had numerous requests from City Council members to approach the Board again regarding the 21st Century Utility Planning proposal. The discussion started last October when Mayor Seitz asked the USB to contribute to the study. Mayor Seitz reminded the Board that the total cost of the study is \$50,000, which the Board of Public Works approved paying \$25,000. Mayor again asked the Board if they would consider paying the other \$25,000 for the study. Mayor also stated that they would have to investigate with Umbaugh and Barnes and Thornburg to make sure the cost of the study is still the same, due to the scope of work change and the time delay. Mayor stated that if the Board does not decide to contribute tonight, the City Council will discuss other options at Wednesday night's meeting.

Chairman Stradtner restated the Mayor's request to the Board. Would the Board be willing to fund half the proposal from Umbaugh and Barnes and Thornburg for an amount of \$25,000 for the 21st Century Utility Planning Study? Stradtner stated that many meetings were held and the issue was tabled at the November USB meeting. More Committee meetings were held to discuss the scope of work. At the December USB meeting no motion was made by the Board regarding funding the study. A motion was made to approve the Utility Service Board's Executive Committee to represent the USB in a meeting with the City Council to discuss the proposal, and to report back to the Board with recommendations.

Alex Emmons stated that the meeting between the two Board's Executive Committees never took place, therefore he feels nothing has changed. Emmons still feels some of these items in the scope of work could be completed internally or in the Electric Cost of Service Study being completed at this time.

Wayne Schuetter stated that the scope of services has changed due to the Electric Cost of Service Study, which will cost \$75,000. Schuetter stated that an Electric Cost of Service Study has not been done for ten years. This study could have a major impact on the City's electric rates, possibly decreasing rates.

Schuetter feels the Utilities will not get a return on their investment contributing 50/50 towards the 21st Century study. Schuetter feels that 20% of the total cost of the study is a more reasonable request, therefore if the study comes back at \$50,000 total cost, he feels comfortable contributing \$10,000, which is 20% of the total cost.

Attorney Kabrick stated that every "study" that the City has completed in the last five years have been planning tools. Kabrick said that the investment and return on these planning tools have been phenomenal. It is not just a study we are going to stick on a shelf. We will benefit from the analysis. Kabrick feels that if we are going to do the 21st Century Planning study, we should do it now, so both studies can coordinate with each other.

Much discussion was had by all Utility Board members regarding the 21st Century Utility Planning study. Stradtner summarized that some members feel more research needs to be done and that the majority of the study is Civil City oriented. Other members feel there will be a benefit to the utilities and are willing to contribute, but not a 50/50 match. Stradtner asked if any member was willing to make a motion.

Wayne Schuetter made a motion to contribute 20% of the total cost of the 21st Century Utility Planning study. Alex Emmons seconded the motion.

Keith Masterson stated he feels the utility contribution needs to be higher than 20%. He said that 35% is a more reasonable contribution. Wayne Schuetter agreed and amended his motion to 35% of the total cost of the study.

Motion approved, 7-0

Attorney Kabrick stated that she will send out the most recent scope of work for the 21st Century Utility Planning Study to all the Board members for review.

There being no further business to come before the Board, the meeting was adjourned at 9:40PM upon motion by Alex Emmons and second by Keith Masterson. Motion approved, 7-0.

The minutes were hereby approved_____ with ____X____without corrections this 15th day of May, 2017.

Attest: _____
Secretary Chairman